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SUBJECT: MECIAR CONCEDES TO VICTORIOUS FICO, COALITION

CONTINUES

REF: A. A) BRATISLAVA 612

1B. B) BRATISLAVA 624

11. (SBU) After several days of alarming headlines suggesting that the governing coalition was perhaps on the verge of collapse, Prime Minister Robert Fico (Smer) and junior coalition partner Vladimir Meciar (HZDS) made separate press announcements on November 29 indicating that they had come to an agreement the previous night on how the coalition will operate over the next six months, thereby ending their public standoff. In his public remarks, Meciar was uncharacteristically friendly with the press and deferential toward Fico, yet claimed that his party had succeeded in the negotiations by securing more oversight authority for new HZDS Agriculture Minister Zdenka Kramplova and other minor victories -- all claims of dubious truth. Prime Minister Fico spoke with more overt confidence about his role in the coalition, saying, "It is clear who is calling the tune." Even the opposition concedes that Fico handled the crisis very skillfully.

## Looking Shaky

- 12. (SBU) Coalition stability has wavered over the past week due to Meciar's mercurial temper and his inability to accept that Fico's position over him is so strong. At HZDS' annual party congress, held on November 24-25 in Ruzomberok, Meciar reportedly tried to convince his party to leave the coalition rather than accede to Fico's demand to fire Minister of Agriculture Miroslav Jurena due to massive corruption at the ministry's land distribution fund (see reftel A). Meciar's motion was rejected since regional party heads and high-ranking HZDS ministerial appointees were intent on staying within the coalition. Despite Meciar's inability to convince his party to follow him into the wilderness, the party congress voted him as chairman for four more years and adopted rules that strengthened his control over the regional party apparatus. On the following day, Meciar acceded to Fico's demand to fire Jurena, although Meciar continues to insist implausibly that Jurena did nothing wrong. On November 27, Jurena was replaced by HZDS MP Kramplova, a long-time Meciar loyalist and former Minister of Foreign Affairs with no visible expertise in agriculture.
- 13. (SBU) Just as it appeared that the immediate dispute between parties had ended, with Fico getting all the concessions that he wanted from his junior partner, Meciar stormed angrily out of a coalition meeting on the night of November 27. Meciar told journalists that he believed the coalition might be disbanded, and local newspapers responded with headlines such as "Fico kicks Meciar out of the coalition." While these reports were wildly exaggerated, tensions among coalition partners were serious enough that Fico ordered Foreign Minister Jan Kubis to cancel his plans to travel to Madrid for the November 29-30 OSCE Ministerial

Council. Only a late night session on November 28 between Smer and HZDS leadership brought Meciar's latest tantrum to a a halt.

## Outside Perspectives

14. (SBU) While the fireworks between Meciar and Fico provide news copy, few people inside or outside the coalition expected that Meciar's latest outburst could lead to the breakdown of the coalition. In a November 27 meeting with Poloff, Smer MP Darina Gabaniova said that Meciar will always loudly create problems but he has no future outside the coalition, and everyone in HZDS knows this (except maybe Meciar himself) and will react accordingly. Opposition party members recognize Fico's strength. In separate recent conversations, SDKU MP Milan Hort, SDKU adviser Milan Jezovica, and former Minister of Agriculture Zsolt Simon (SMK) all grudgingly admitted to DCM/Poloff that Fico is handling the situation quite skillfully. Senior SDKU politican Ferdinand Devinsky described Fico's handling of the crisis as "genius." If the coalition eventually ends sometime next year, opposition leaders say, it will be Fico's call, not Meciar's. The opposition is also working on the assumption that Fico has worked out agreements with enough HZDS MPs that he would be able to maintain a working voting majority without Meciar -- which may explain why Meciar ended up unable to convince the party he founded to follow his lead in Ruzomberok.

And in Six Months...

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15. (SBU) The long-term prospects of the coalition are much more open to interpretation. SMK Chairman Pal Csaky told Ambassador on November 30 that he anticipates coalition

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turbulence will resume in February and believes that there is a strong likelihood that early elections will take place in mid-2008. Other observers believe that the six-month agreement struck between Fico and Meciar implies that the Prime Minister may be providing himself space and time to organize his party before breaking up the coalition and calling for early elections next summer. There would be clear advantages to taking this path: the decision from the European Union on whether Slovakia qualifies for the Euro is due by June 2008 but implementation would not start until January 2009. In this scenario, Smer could gain political points from qualifying for the Euro right before early elections, but not suffer the backlash from inflation-conscious voters after implementation of the Euro starts. Speculation aside, Fico has never given any public indication that he wants to hold early elections, despite the desire of several influential Smer MPs to pursue that path. However, each fight with Meciar may have brought Fico closer to accepting the early elections scenario.

16. (SBU) On Sunday, December 2, PM Fico will be holding a farewell dinner for Ambassador Vallee. Coalition relations will be a primary subject during the meeting; post will report results the following day.

VALLEE